

State of Arizona
Senate
Forty-seventh Legislature
Second Regular Session
2006

SENATE BILL 1072

AN ACT

AMENDING SECTION 43-1041, ARIZONA REVISED STATUTES; RELATING TO INDIVIDUAL INCOME TAX DEDUCTIONS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:
2 Section 1. Section 43-1041, Arizona Revised Statutes, is amended to
3 read:

4 43-1041. Optional standard deduction

5 A. A taxpayer may elect to take a standard deduction as follows:

6 1. In the case of a single person or a married person filing
7 separately, the standard deduction shall be ~~four thousand fifty~~ **FIVE THOUSAND**
FOUR HUNDRED FORTY-FIVE dollars, subject to subsection G of this section.

8 2. In the case of a married couple filing a joint return or a single
9 person who is a head of a household, the standard deduction shall be ~~eight~~
10 ~~thousand one hundred~~ **TEN THOUSAND EIGHT HUNDRED NINETY** dollars, subject to
11 subsection G of this section.

12 B. The standard deduction provided for in subsection A of this section
13 shall be in lieu of all itemized deductions allowed by section 43-1042 which
14 are to be subtracted from Arizona adjusted gross income in computing taxable
15 income, but not in lieu of the personal exemption allowed by section 43-1043.

16 C. The standard deduction shall be allowed if the taxpayer so elects,
17 and the department shall by rule prescribe the manner of signifying such
18 election in the return.

19 D. In the case of a husband and wife, the standard deduction provided
20 for in subsection A of this section shall not be allowed to either if the
21 taxable income of one of the spouses is determined without regard to the
22 standard deduction.

23 E. The standard deduction provided for by subsection A of this section
24 shall not be allowed in the case of a taxable year of less than twelve months
25 on account of a change in the accounting period.

26 F. Under rules adopted by the department, a change of an election to
27 take, or not to take, the standard deduction for any taxable year may be made
28 after the filing of the return for such year. If the spouse of the taxpayer
29 filed a separate return for any taxable year corresponding, for the purposes
30 of subsection D of this section, to the taxable year of the taxpayer, the
31 change shall not be allowed unless, in accordance with such rules, both
32 paragraphs 1 and 2 of this subsection apply:

33 1. The spouse makes a change of election with respect to the standard
34 deduction for the taxable year covered in such separate return consistent
35 with the change of election sought by the taxpayer.

36 2. The taxpayer and spouse consent in writing to the assessment,
37 within such period as may be agreed upon with the department, of any
38 deficiency, to the extent attributable to such change of election, even
39 though at the time of the filing of such consent the assessment of such
40 deficiency would otherwise be prevented by the operation of any law or rule
41 of law.

1 G. For each taxable year beginning on or after January 1, the
2 department shall adjust the dollar amounts prescribed by subsection A,
3 paragraphs 1 and 2 of this section according to the average annual change in
4 the metropolitan Phoenix consumer price index published by the United States
5 bureau of labor statistics. The revised dollar amounts shall be raised to
6 the nearest whole dollar. The designated dollar amounts shall not be revised
7 below the amounts allowed by the standard deduction in the prior taxable
8 year.

9 Sec. 2. Retroactivity

10 This act applies retroactively to taxable years beginning from and
11 after December 31, 2005.